

## **GOVERNMENT OF ANDHRA PRADESH**

### **ABSTRACT**

**IT&C Dept - IT Promotion – Electronic Hardware Policy 2012-2017 of Government of Andhra Pradesh – Orders – Issued.**

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### **INFORMATION TECHNOLOGY & COMMUNICATIONS (Promotions) DEPARTMENT**

**G.O.Ms.No. 27**

**Dated: 24 .07.2012**

**Read the following:**

1. G.O.Ms.No.510, GAD (AR&T.I) Department, dt: 24.08.2011.
2. G.O.Ms.No.9, IT&C Department, dated:07-07-2010 on ICT Policy 2010-2015.

### **ORDER:**

#### **Global Electronics Industry Outlook:**

Electronics, reported at USD 1.75 trillion, is the largest and fastest growing manufacturing industry in the world. It is expected to reach USD 2 trillion by 2014 and USD 2.4 trillion by 2020. Currently, the demand in the Indian market stands at USD 45 billion and is projected to grow to USD 125 billion by 2014 and USD 400 billion by 2020. Further, exports are expected to increase from the current USD 4 billion to USD 15 billion by 2014 and USD 80 billion by 2020. Domestic consumption is expected to grow exponentially at a CAGR of 22% for the period 2009–2020. This will be driven by a surge in income levels, the aspirational value of electronics goods, demand from a resurgent corporate sector and the government's focus on e-governance.

2. Size of the global electronics industry vis-à-vis other major industries

- 4.40 times oil, petrol and minerals
- 2.75 times chemical and plastics
- 2.45 times food, beverages and tobacco
- 2.44 times transportation
- 2.20 times electricity, gas and water

3. Domestic production is at present less than 45% of domestic consumption. There is a huge gap in the demand and supply which will widen as the demand grows and domestic manufacturing continues to slacken. Significantly most of India's electronics imports are from China and Indian government and Government of Andhra Pradesh may like to reckon this from a strategic perspective.

#### **Need for domestic manufacturing:**

##### **⇒ ICT Industry in Andhra Pradesh -Background**

4. Andhra Pradesh's success in the field of information technology and business process outsourcing over the past decade remains unparalleled. Total export revenues earned by this sector

have grown from INR 1000 crore (USD 56 million) in 1998-1999 to INR 36,000 crore (USD 8.5 billion) in 2010-11, a CAGR of 35 per cent. The domestic IT-BPO sector is showing increased traction too. Andhra Pradesh – through its unique value proposition – cost effectiveness, abundant talent and maturing service delivery, has emerged as the cornerstone for this sector, steadily increasing its market share to over 50% of the global sourcing industry. It is estimated that India-based resources account for about 60-70% of the offshore delivery capacities available across the leading multinational IT-BPO players. Over the last 10 years, the technology and BPO industry has been an engine of growth for the Indian economy. Between 1998 and 2008, it quadrupled its share of India's GDP and exports to 4% and 16% respectively. In addition, the industry has also had a strong multiplier effect on national GDP and consumer spending by way of capital expenditure, operating expenses and expenditure by the individuals employed in the industry.

5. Over the last 10 years, the technology and BPO industry has been an engine of growth for the Andhra Pradesh economy. Between 2000 and 2011, it quadrupled its share of India's GDP and exports to 1.5% and 16% respectively. In addition, the industry has also had a strong multiplier effect on State GSDP, Employment and consumer spending by way of capital expenditure, operating expenses and expenditure by the individuals employed in the IT industry.

- As of now, the share of IT exports from the State of Andhra Pradesh occupies 15% of national IT exports.
- AP IT sector contributes 0.85% as against the National GDP share of 5.7%.
- Over 600,000 English speaking graduates and nearly half of it are technical /engineering graduates.
- JKC Program: First of its kind initiative in the country, bridging the gap between industry and academia.
- Presence of best engineering and Management colleges such as IIT , IIIT, ISB and MSIT etc.
- IT sector contributes to about 49per cent of total exports from all sectors in the State.
- AP State ranked 4th position in IT performance in the Country.
- Well connected to International destination through world class airports – state of the art sea ports with bulk cargo handling capacity.

<b>Particulars</b>	<b>1998</b>	<b>2011</b>	<b>Increase</b>
No. of IT companies	194	1259	<b>6.5 times</b>
Employment	12,000	2,75,000	<b>23 times</b>
Exports (\$ millions)	56.8	8000	<b>109 times</b>
Built up Space (sft)	200,000	40 million	<b>200 times</b>

<b>Particulars</b>	<b>Numbers</b>			
No of SEZs in the Country	547			
No of SEZs in AP	103			
No of IT SEZs in AP	56 (Notified : 43)			
Composition of IT/ITES SEZs in AP	Govt.	Major IT Campuses	Private	Total
	18	11	27	56
Operational IT/ITES SEZs in AP	22			

6. The growth of the IT sector in Andhra Pradesh has led to tremendous pay-offs in terms of wealth creation and generation of high quality employment. Direct employment in the IT services and BPO segment touched nearly 2,75,000 by the end of FY2010. This also translates to the creation of over 1 million indirect job opportunities attributed to the growth of this sector in diverse fields such as commercial and residential real estate, retail, hospitality and transportation, etc. While the sector has maintained a CAGR of over 30 percent in the past decade, the global economic downturn in 2007-2009 has impacted the growth of IT. The Industry has been showing promising growth from late 2009 onwards. Leading Industry analysts Gartner in its recent report have estimated that the worldwide technology spending will be to the tune of US\$ 3.67 trillion and IT being an export led sector with a key thrust on banking, financial and insurance services, exports are expected to grow by over 10 per cent, domestic market by 30 per cent. Andhra Pradesh ICT Sector has demonstrated maturity by reducing costs, focusing on new markets, investing in sales and development, domain expertise, enhancing operational excellence and thrust on customer centricity.

### **Electronic Industry in Andhra Pradesh:**

- AP State ranks No.5 in the National Electronic industry
- AP State contributes to 7.5% of electronic production in the Country
- AP reached Rs.6500 crores production and Rs.650 crores exports during 2009-2010
- Houses about 300 electronic industries with 60,000 employee base and in highly specialized lines.
- Major segments in Electronic Hardware existing in AP include Industrial Electronics, Communication & broadcast equipments, Computers & Peripherals, Strategic electronics & components (Semiconductors, Solar & Displays) etc.

### **Challenges and Opportunities:**

7. The Electronics Hardware industry in India in general and Andhra Pradesh in particular is poised for high growth however there exist multiple challenges that need to be addressed in order to realize its true potential. Key challenges among these are inadequate infrastructure, frequently changing tax structure, supply chain and logistics issues, inflexible labor laws, limited R&D focus, non-availability of funding mechanisms, limited focus on value addition and exports. Supply lagging behind demand in India, result to ever-increasing imports from China, Taiwan, and South Korea etc. Local manufacturers cannot match the competitive prices of imported finished goods due to these challenges.

<b>Challenge 1:</b>	<b>Inadequate infrastructure interrupting growth</b>
	<p>The three elements of infrastructure posing significant challenges to Indian manufacturers are:</p> <ul style="list-style-type: none"> <li>▪ <b>Power:</b> Power drives the manufacturing industry. India has a rising demand and not sufficient supply. There are leakages at the distribution level which result into losses.</li> <li>▪ <b>Transportation:</b> Lack of adequate infrastructure is affecting the attractiveness of India as a manufacturing destination. The country's infrastructure is in a poor condition vis-à-vis China. The gap between the two countries is widening every year with China investing 20% of its GDP in infrastructure as compared with India's 6%.</li> </ul>

	<ul style="list-style-type: none"> <li><b>Land:</b> Acquiring land to set up manufacturing facilities is a time consuming process in India. Further, there have been instances of significant delays. These infrastructural challenges make doing business in India difficult.</li> </ul>
<b>Challenge 2:</b>	<b>Tax issues</b>
	When compared to low cost destinations such as China and Taiwan, India's current tax structure makes the final product less competitive. Tax structure prevalent in the country encourages low cost imports which have retarded the growth of the local manufacturing industry. Stability of taxation is another issue. Companies cannot plan a long-term investment in the country as the tax structure/policies keep changing.
<b>Challenge 3:</b>	<b>Limited preferential market access for local companies</b>
	As of now there are no preferential laws or incentives in place which enforce usage of domestic products to some extent. This results in excessive import of low cost products leaving no means of revenue generation for the local companies.
<b>Challenge 4:</b>	<b>Non-availability of finance at competitive cost</b>
	Small and medium industry is a growing segment and a key driver of growth for electronics manufacturing. This segment needs proper financing at competitive cost which is currently not available thus hindering growth of the industry.
<b>Challenge 5:</b>	<b>Supply chain and logistical hindrances</b>
	In the current scenario, India has a poor component manufacturing base. Components are imported from countries such as China, Taiwan and Korea. In India, poor logistics infrastructure complicates the supply chain. The inability of domestic manufacturers to accurately predict the receipt of raw materials mandates high inventory levels to ensure uninterrupted production. This adds to the cost of production and the declining competitiveness of domestic manufacturing units.
<b>Challenge 6:</b>	<b>Limited R&amp;D focus</b>
	Competitors such as China and Taiwan are way ahead of India in the volumes game. The focus area should be adding more value to the existing products and creating new products through investment in R&D. Every company should be encouraged to invest in R&D through incentives for Intellectual Property Rights creation.
<b>Challenge 7:</b>	<b>General labor laws</b>
	Under the current labor laws, the ability of an organization to align employee strengths with demand cycles is curtailed. Flexibility in labor laws is essential to cater to rapid seasonal variation in demand. Regulations around overtime and contracts also make it difficult to meet the highs and lows of demand.

### **Opportunities:**

8. In terms of opportunities, the electronics hardware industry can significantly boost Andhra Pradesh's GSDP, generate employment, modernize processes and enable Andhra Pradesh's mission of inclusive growth.

It is estimated that the Indian domestic manufacturing companies can expand the production to USD 100 billion by 2014 and USD 400 billion by 2020 with a very significant contribution to GDP, at 20% for 2020, at par with other economies. The Electronic Hardware Industry aspire to seize 20% of the manufacturing opportunities Indian domestic sector provides.

The electronics hardware industry can increase employment in the state significantly as most of its segments, such as electronic system manufacturing, are human capital- intensive.

The electronics hardware industry has a high potential for domestic value addition, especially in some of its segments, e.g., semiconductor design and electronics system/product design.

There is a large opportunity evolving for Electronics hardware industry in e-governance initiatives of the state and central government. Developmental schemes and initiatives launched by the Government such as Sarva Shiksha Abhiyaan (SSA), Restructured-Accelerated Power Development and Reform Programme (R-APDRP) and Mahatma Gandhi Rural Employment Guarantee Act (MREGA). The government's allocation of funds for developmental schemes and initiatives is close to USD 45 billion. However, IT intervention is required to ensure the effective implementation of these schemes and initiatives.

Andhra Pradesh Electronic Hardware Policy will address the following prime challenges and drive growth in the state's electronics ecosystem.

#### **Government focus:**

9. Government has identified some of the key result areas (KRAs) for building a cohesive electronics manufacturing cluster. These KRAs are mentioned below:

- Market potential
- Industry capabilities
- World class skills
- Regulatory environment
- Infrastructure and logistics
- Strategic need

Using the above KRA's in the Policy framework, the state government attempts to provide strategic impetus into the electronic hardware and design industry. This in turn is expected to reinvent the business propositions and incentivize the sector so that the Industry can penetrate the global markets not only on value and cost factors, but also on customization.

Keeping the above in view, Government after elaborate discussion with respective stake holders of Electronic Hardware sector, such as ELIAP, ESC, etc, and evolved the following initiatives to provide the Electronic Hardware Industry in the State of Andhra Pradesh.

#### **10. Definitions:**

- Electronic Hardware Industry for the purpose of application of this Electronic Hardware Policy 2012-2017 includes, **Industrial Electronics, Computers and peripherals, communication, Electronic Manufacturing Services and broadcast equipment strategic electronics and components**. The broad classification of the products and services covered under this policy for the Electronic Hardware sector is as at Annexure-I to the Electronic Hardware Policy 2012-2017.
- Electronic Hardware Micro, Small Medium Enterprises (MSMEs) are as defined under the MSME Policy of the Govt of India.
- Electronic Hardware Start-up units are as defined under ICT Policy 2010-2015.

## **11. Key Initiatives:**

- Convert existing clusters such as FAB City and Aeronautical SEZ into Centers of excellence, giving fresh impetus on Infrastructure
- Create 4 Hubs covering NEWS (North, East, West, and South) in and around ORR, Hyderabad consisting of 300 Acres of Multi product Electronic SEZ's and another 200 acres for the supporting Electronic Industry.
- Create a joint Government-Industry committee to market India and attract investment in India.
- Incentivizing investments in Andhra Pradesh by creating a model where the subsidy or rebate given to a Electronic Hardware industry is determined on the basis of the value addition and volumes.
- R&D will be the key focus areas for Andhra Pradesh. Intellectual Property (IP) creation by local units will be given prime importance.
- Common facilitation Centre/Incubation Centre/Cluster should be established with full pledged testing facilities to meet the global quality parameters such as EMC, Safety Testing, RF, Microwave Testing, Environmental Testing, and Endurance Testing & Other Functional Testing. This should be closer to the Electronic Hardware Industries Cluster.
- Creating Hardware Manufacturing Clusters in both SEZ and non-SEZ(domestic) areas in tune with the Policy Guidelines of Electronic Hardware Promotion program of Ministry of Communications & information Technology, Govt of India
- Create a fund under the management of a working committee comprising representatives of industry bodies and government, with an equal stake to promote design, manufacturing, assembling, and Innovation and packaging business.
- Organizing exhibitions, conferences and taking Electronic Hardware companies located in the state as part of trade delegations to domestic, national and international exhibitions.
- Single Window System for necessary permissions and clearances. Concerned Industry association inputs/suggestions/approval/ recommendation may be obtained for necessary clearances.
- Recognizing the importance of involving Industry Stake Holders, President, ELIAP has been included as a member of Consultative Committee on IT Industry (CCITI) which is a industry – Government body for administration of incentives and providing comfort and facilitation for Electronics Hardware Sector.

## **Incentives offered to Electronic Hardware Industries under Electronic Hardware Policy 2012-17**

12. In line with the ICT Policy 2010-2015 initiatives in force for the promotion of IT/ITES Industry, in order to have specific focus for promotion of Electronic Hardware sector, a comprehensive mention of all the Incentives and facilitation initiatives are proposed now specifically to the Electronic Hardware sector as hereunder, which will be in force for a period of 5 years from the notification of the Electronic Hardware Policy 2012-2017, as mentioned hereunder:

### **(I). General Incentives of ICT Policy automatically applicable to all the Electronic Hardware Industry:**

- a) Electronic Hardware Industry units are regulated and governed as per the provision of the Air Act, Water Act, and E(P) Act 1986.
- b) Electronic Hardware Industry companies are exempt from the purview of power cuts on similar lines of IT/ITES Industry.

- c) Electronic Hardware Industry is exempt from inspections/certifications under the following Acts and the Rules framed there under and as administered by the Labour Department, barring inspections arising out of specific complaints. The Electronic Industry (units) are permitted to file self-certificates, in the prescribed formats.
  - The Factories Act 1948.
  - The Maternity Benefit Act 1961.
  - The AP Shops & Establishments Act 1988 ( Not Applicable).
  - The Contract Labour (Regulation & Abolition) Act 1970.
  - The Payment of Wages Act 1936.
  - The Minimum Wages Act 1948.
  - The Employment Exchanges (Compulsory Notification of Vacancies) Act 1959
- d) General permission on similar lines of IT/ITES Industry for three shift operations with women working in the night for Electronic Hardware Industry.
- e) Electronic Hardware Industry be declared essential service under AP Essential Services Maintenance Act.

**(II). Common Incentives for all Electronic Hardware companies:**

1. 100% reimbursement of stamp duty, transfer duty and Registration fee paid on sale/lease deeds/ mortgages& Hypothecations on the first transaction.
2. 50% reimbursement of stamp duty, transfer duty and Registration fee paid on sale/lease deeds /mortgages& Hypothecations on the 2<sup>nd</sup> transaction.
3. Admissibility of Industrial Power category tariff.
4. 50% to Micro, 40% to small & 25% to medium & 10% to large scale industry limited to Rs.30 lakhs Power Subsidy on power bills for a period of 5 years from the date of commencement of commercial operations.
5. Reimbursement/Grant of 50% exhibition subsidy for participating in the national/ international exhibitions limited to 9 sq m space.
6. 20% Investment subsidy limited to Rs.20 Lakhs for micro & small industries and additional 5% incentive subsidy for women, SC, ST Entrepreneurs.
7. 3% interest rebate limited to Rs.5 Lakhs per year for 5 years.
8. 10% subsidy on new capital equipment for technology upgradation limited to Rs.25 lakhs as one time availment by the eligible company.
9. 50% subsidy on the expenses incurred for quality certification limited to Rs.4 Lakhs (Conformity European(CE),China, Compulsory Certificate(CCC),UL Certification, ISO, CMM Certification, SA, RU etc.,
10. 25% subsidy on cleaner/ green production measures limited to Rs.10 Lakhs
11. 100% Tax reimbursement of VAT / CST, for the new units started after the date of issue of this Policy, for a period of 5 years from the date of commencement of production for products made in AP and sold in AP.
12. 25% rebate in land cost limited to 10.00 lakhs in Industrial estates, industrial parks, sez's, hubs, parks & clusters.
13. 50% reimbursement/ grant of cost involved in skill up gradation & training the local manpower limited to Rs 2,000/- per person.

**(III). Specific Incentives to Focus Areas in Electronic Hardware sector:**

- Allocation/ Reservation of 20% of Order value to electronic hardware SMEs in State Govt promoted Projects.
- Sector Specific Incentives:** The different segments in Electronic Hardware sector needs to be promoted to enable them to compete with the Global markets as well as domestic consumption. Keeping in this view, the following specific incentives are offered to focus areas in Electronic Hardware Sector:-

a)Startups/ Micro:	<ul style="list-style-type: none"> <li>a) Recruitment Assistance of Rs.2.5 Lakhs for recruitment made up to 50 Employees within a period of two years.</li> <li>b) 10% subsidy on new capital equipment for technology upgradation limited to Rs.25 lakhs as one time availment by the eligible company.</li> <li>c) Providing 25% subsidy on lease rentals up to Rs.5 Lakhs per annum maximum up to a period of three years, for the plug-and-play built up office space from 1000 sft to 10,000 sft, Industry Shed ranging from 1000 sft to 20,000 sft, leased from Government or Private owned IT Park/IT SEZ/ Industrial Park</li> </ul>
b)Small & Medium:	<ul style="list-style-type: none"> <li>a) Rs.10 Lakhs as recruitment assistance for employing minimum 200 employees within 2 years of commencement of commercial operations</li> <li>b) 10% subsidy on new capital equipment for technology upgradation limited to Rs.25 lakhs as one time availment by the eligible company.</li> <li>c) 25 % subsidy on lease rentals up to Rs.5 Lakhs per annum maximum up to a period of three years, for the plug-and-play built up office space from 1000 sft to 10,000 sft, Industry Shed ranging from 1000 sft to 20,000 sft, leased from Government or Private owned IT Park/IT SEZ/ Industrial Park.</li> </ul>
c)R&D:	Rs.15 Lakhs as recruitment assistance for employing minimum 150 employees within two years of commencement of commercial operations.
d) SC/ST Entrepreneurs & Women entrepreneurs:	<ul style="list-style-type: none"> <li>a) Rs.10 Lakhs as recruitment assistance, basing on the level of employment generated, for employing minimum 100 employees within three years of commencement of commercial operations i.e., Rs.5 Lakhs for first 50 employment generated in the first year, Rs.2.5 Lakhs to the next 25 employees in the 2nd year, and Rs.2.5 Lakhs for the remaining 25 employees employed at the end of third year.</li> <li>b) Providing 25% subsidy on lease rentals up to Rs.5 Lakhs per annum maximum up to a period of three years, for the plug-and-play built up office space from 1000 sft to 10,000 sft, Industry Shed ranging from 1000 sft to 20,000 sft, leased from Government or Private owned IT Park/IT SEZ/ Industrial Park.</li> <li>c) 5% of the project cost will be provided as seed capital assistance to MSME units started by SC/ST entrepreneurs limited to Rs.5.00 Lakhs.</li> <li>d) An additional subsidy of 5% limited to Rs.5 Lakhs for SC/ST entrepreneurs</li> <li>e) 10% subsidy on new capital equipment for technology upgradation limited to Rs.25 lakhs as one time availment by the eligible company.</li> </ul>
e)Tier II locations :	<ul style="list-style-type: none"> <li>a) Rs.15 Lakhs as recruitment assistance for employing minimum 100 employees within two year of commencement of commercial operations.</li> <li>b) Providing 25% subsidy on lease rentals up to Rs.5 Lakhs per annum maximum up to a period of three years, for the plug-and-play built up office</li> </ul>

	space from 1000 sft to 10,000 sft, Industry Shed ranging from 1000 sft to 20,000 sft, leased from Government or Private owned IT Park/IT SEZ/ Industrial Park.
<b>f) Existing Units (other than Large scale industries)</b>	a) 50% subsidy on the expenses incurred for quality certification limited to Rs.2 Lakhs. b) 50% subsidy on the expenses incurred for patent registration limited to Rs.5 Lakhs

**(IV). Incentives in Tier II Locations (Visakhapatnam, Vijayawada, Warangal, Tirupati and units located closer to Seaports)**

1. 100 % reimbursement of stamp duty, transfer duty and Registration fee paid on sale/lease deeds on the first transaction. This incentive is not available in case Government land is allotted.
2. 50% reimbursement of stamp duty, transfer duty and Registration fee paid on sale/lease deeds on the 2nd transaction. This incentive is not available in case Government land is allotted.
3. Admissibility of Industrial Power category tariff.
4. Power Subsidy: 50% to Micro, 40% to small & 25% to medium & 10% to large scale industry limited to Rs.30 lakhs Power Subsidy on power bills for a period of 5 years from the date of commencement of commercial operations.
5. A subsidy of Rs.10 Lakhs to the first five anchors Electronic Hardware companies employing more than 100 employees.
6. Rs.15 Lakhs as recruitment assistance for employing minimum 100 employees within two years of commencement of commercial operations in the Tier-II city.
7. 100% Tax reimbursement of VAT / CST for the new units started after the date of issue of this Policy, for a period of 5 years from the date of commencement of production for products made in AP and sold in AP.
8. Reimbursement/Grant of 50% exhibition subsidy for participating in the national/international exhibitions limited to 9 sq m space
9. Free City profiling and detailed report on advantages of each Tier II location for prospective investors and entrepreneurs;
10. Organizing exhibitions, conferences in Tier II cities and taking IT companies located there as part of trade delegations to domestic, national and international exhibitions.

**(V). Incentives in Tier III Locations (Identified in any District other than HMDA area and Tier-II locations :)**

1. 100% reimbursement of stamp duty, transfer duty and Registration fee paid on sale/lease deeds on the first transaction.
2. 50% reimbursement of stamp duty, transfer duty and Registration fee paid on sale/lease deeds on the 2nd transaction.
3. Admissibility of Industrial Power category tariff
4. 50% power subsidy on power bills for a period of 5 years from the date of commencement of commercial operations.
5. A subsidy of Rs.10 lakhs to the first five anchor Electronic Hardware companies employing more than 100 employees.

6. Rs.15 Lakhs as recruitment assistance, basing on the level of employment generated, for employing minimum 100 employees within three years of commencement of commercial operations in identified Tier-III location, i.e., Rs.5 Lakhs for first 50 employment generated in the first year, Rs.2.5 Lakhs to the next 25 employees in the 2nd year, and Rs.2.5 Lakhs for the remaining 25 employees employed at the end of third year.
7. 100% Tax reimbursement of VAT / CST for the new units started after the date of issue of this Policy, for a period of 5 years from the date of commencement of production for products made in AP and sold in AP.
8. Reimbursement/grant of 50% exhibition subsidy for participating in the international exhibitions limited to 9 sq. mts
9. Government shall strive to create Incubation Centers and Electronic Hardware Parks depending on need based requirement.
10. Government shall take steps to see that the “e-learning” concept is widely used by the students in Tier III locations.

**(VI). Priority Project Incentive for Electronic System Design and Manufacturing (ESDM) Sector:**

A special negotiated package of incentives will be offered for priority projects in Electronic System Design and Manufacturing - ESDM sector proposed to set up by the Electronic Hardware Companies for manufacture of ESDM including PV/Fab/ Semiconductor design and Manufacturing, Assembling, Testing and Packaging plants. The priority projects in Electronic System Design and Manufacturing -ESDM sector are defined as such projects promoted by the Electronic Hardware companies having the present employment of more than 100, existing investment of more than Rs.10 crores and turnover of more than Rs.20 crores for the last three years and projected future employment potential of 500.

**(VII). Provision of Land for construction of own Manufacturing facility:**

Allotment of Government land to the Electronic Hardware Industry are made subject to availability, fulfillment of certain eligibility criteria by the applicant company, and on payment of land cost & development cost, as determined from time to time by the allotment agencies, i.e., APIIC/HMDA and the concerned local Statutory Authorities.

**(VIII). Other unique Initiatives of Government of Andhra Pradesh to promote Electronic Hardware Sector:**

**Nodal Agency:** The State Government will create a Nodal wing within IT&C Department in line with Single Window Act 2002 which will act as a single window to deal with Customs / Excise and other State and Central Government agencies. The agency will also liase with the Department of Information Technology (DIT), Government of India for expediting the release of Special Incentive Package Scheme (SIPS) applicable to mega projects of National importance.

**HR Initiative:** The Government of Andhra Pradesh will strive to implement the recommendations made by the national Skill development Program – NSDP and state programs such as REECAP and REEMAP. It will create an Institution mechanism similar to JKC which will coordinate with Engineering Colleges, ITI etc to implement the NDSP, REECAP and REEMAP recommendations.

**New Infrastructure:** The state Government will set up New Electronic Hardware Park in an area of 150 Acres with options of SEZ and Non SEZ giving a greater discretion to electronic hardware industry the option of operating in SEZ or Non SEZ. State of art Infrastructure with all basic amenities such as internal Roads, water, power and other common facilities will be made available to the investors.

**Renewable Energy:** The State Government will encourage units using Renewable energy. Units using Renewable source of energy with minimum 40% of their power requirements coming from renewable sources for their operations and manufacturing will be eligible for additional incentives such as Electricity tax exemption for 5 years. Sales tax exemption for two additional years against the Carbon Credits earned year on year basis.

**International Outreach:** Participation of the IT&C Department, Government of Andhra Pradesh with industry association such as ELIAP, MAIT, ELCINA in International ICT and Electronic exhibition and conference world wide and also strive to conduct International scale ICT Event in the state to project Andhra Pradesh as the most ideal destination for investment. The State Government will also explore to tie up opportunities with major electronic clusters located globally to give Marketing and Technology access to Local electronic design and manufacturing companies based in Andhra Pradesh.

**Export Incentives:** Exports are necessary to earn foreign exchange, reduce current account deficit and establish India as a globally competitive electronics manufacturing location. A special negotiated package of incentives will be offered for encouraging electronics exports including measures such as dollar loans, export guarantees etc.

**Encouragement of “Made in India” products:** The State Government will encourage the use of products made in India for developmental initiatives such as e-governance plan, UID, SSA, R-APDRP and all other e-governance initiatives at the State level. This initiative of the State Government is to reduce the use of imported products in all State and Central Government program. On a case basis where ever required the State Government from time to time will request Government of India to impose Anti Dumping duty of goods which are directly contradicting the Made in India Electronic products. State Government procurement with higher local value addition will be encouraged and additional basis points in Technical evaluation will be given to companies using products with greater Indian value addition and local language interface.

13. All the above mentioned incentives, except the incentive of allowing industrial power category conversion on subsequent/additional/multiple meters/service connections, Power subsidy, exhibition subsidy, patent filing, and quality certification, would be applicable to the Electronic Hardware Industrial Units/companies, who commence the commercial operations in Andhra Pradesh, only prospective to the date of issue of the AP Electronic Hardware Policy 2012-2017.

14. Operational guidelines/ Application procedures along with eligibility criteria for application/administration of Incentives and Subsidies as per applicability to the eligible Electronic Hardware units shall be notified separately after the issuance of Electronic Hardware Policy 2012-2017.

15. The broad classification of the products and services covered for the purpose of eligibility for availing above incentives by the Electronic Hardware Sector is as at **Annexure** to the Electronic Hardware Policy 2012-2017.

16. This Policy will be in force for a period of 5 years i.e. from 2012-2017 with immediate effect.

**(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)**

**SANJAY JAJU  
SECRETARY TO GOVERNMENT**

To

All the Departments of Secretariat

The Metropolitan Commissioner, HMDA, Hyderabad

The Commissioner, Greater Hyderabad Municipal Corporation, Hyderabad

The Commissioner and I.G., Stamps and Registration, Hyderabad

The Vice Chairman and Managing Director, APIIC, Hyderabad

The Commissioner, Industries, Hyderabad

The Executive Director, APIIC, Hyderabad

The Commissioner, Information and Public Relations, Hyderabad

The Member Secretary, A.P. Pollution Control Board, Hyderabad

The Chairman & MD, AP TRANSCO, Hyderabad

The Managing Director, APCPDCL/EPCPDCL/WPCPDCL/SPCPDCL/NPCPDCL

The Commissioner, Labour, Hyderabad

The Vice Chairman, VUDA/TUDA/VGTMUDA

The Development Commissioner, AP IT SEZs, Hyderabad

The Development Commissioner, VSEZ

The Director, STPI, Hyderabad

The President, ITsAP, Hyderabad

The President, ELIAP, Hyderabad

The Regional Director, NASSCOM, Hyderabad

The President, VITA, Visakhapatnam

Copy to:

The Secretary to GOI, Ministry of Communication & Information Technology, New Delhi

The Chief Minister's Office/Chief PRO to C.M.

The Chief Commissioner, Customs & Central Excise, Hyderabad

The Collector, R.R.District, Hyderabad

The PS to Minister for Information Technology, Hyderabad

The PS to Minister for Finance, Hyderabad

The PS to Minister for Major Industries, Hyderabad

The PS to Minister for Revenue, Hyderabad

The PS to Minister for MA&UD, Hyderabad

The PS to Minister for Energy, Hyderabad

The PS to Minister for Labour, Hyderabad

**// FORWARDED : : BY ORDER //**

**SECTION OFFICER**

## Annexure

### **Broad classification of the products and services covered for the Electronic Hardware Sector under the Electronic Hardware Policy 2012-2017**

There are two attachments to the Annexure.

Attachment A lists the HS headings or parts thereof to be covered.

Attachment B lists specific products to be covered by an ITA wherever they are classified in the HS.

#### **Attachment A, Section 1 :**

S.No.	H.S.	Description
1		Fabless companies – Electronic design (Electronics Manufacturing Services)
1a	8404.40.90	SMPS based Integrated power supply systems (IPS)
2	8423	Electronic Weighing Scales (works on the Electronic Principles with microprocessor /Controllers and Electronic Display)
3	84719000	Printer Switches, Line Production devices
4	8501	DC Micro motors , Stepper motors
5	8504	Electronic Transformers, Chocks, Cils, Inductors, Useful for Electronic Equipment
6	85041090	DC-Dc Converter
7	8504.31.00	Transformers (dry type/ Oil free) Used in Electronic Products
8	8504.40.10	Inverters/Converters & Uninterrupted Power Supply s
9	8504.40.30	Switch made poser supply Systems (SMPS) Battery Chargers
10	8505	Permanent magnets and articles intended to become permanent magnets (Ferrites)
11	85176230	Leased Line Modems
12	85176290	LAN Extenders, Inter face, Converters, Bridges
13	85176930	Routers
14	85176990	Terminal Servers, Networking Terminal Servers
15	85176270	Statistical Multiplexers , Linkers
16	8522	Parts of Telephone answering machines
17	8523	Prepared unrecorded media for sound recording or similar recording of other phenomena
18	85238030	Software for LED Displays
19	8524	IT software on any media
20	8526	Electronic Passive Components
21	85299090	AC/DC adopters , SMPOS, Power Supply Cum, Charger
22	8531900	Spares for LED Displays
23	8540	Data/Graphic Display tubes, other than TV Picture tubes and parts thereof
24	8542	Biometric readers, Smart Card readers /writers, RFID Readers /writers , RFID Tags & Smart Cards Turnstiles, Electronically controlled Boom barriers
25	8607 99 10	Parts of coach work of Railway running-stock (LED Couch Lights and Emergency Light, )
26	8608 00 30	Other traffic control equipment for railways. (Electronic inter locking systems for railways.)
27	9013	Liquid Crystal Devices, Flat Panel display devices and parts thereof
28	9016	Electronic Balances (works on the Electronic Principles with microprocessor /Micro Controllers and Electronic Display)
29	9018	Medical Electronic Equipments
30	9023	Electronic Teaching Aids
31	9029	Electronic Energy Meter, Other electronic Meters like Revolution counters, production counters, taxi meters, milometer, pedometers and the like: speed indicators and tacho

		meters,
32	9030	Cathode ray oscilloscopes, Spectrum Analyzers, Cross-talk meters, Grain measuring instruments, Distortion factor meters, Psophometers, Network & Logic analyzer and Signal analyzer and Testing & Measuring instruments
33	9405	LED Lights or fixtures.
34	9405 50 40	Solar Lanterns or lamps.
35		Electronically Operated Vending Machines
36		Biometric Electronic Door Locking Systems
37	9405.50.40	Solar Photovoltaic modules and panels
38	8541.40.11	Solar photovoltaic cells module and systems/ devices
39		Solar Charge Controllers , Grid connecting Equipment
40		Computing devices such as Laptops, Desktops, Servers, Storage Media and Tablet PC
41		Computer peripheral such as Mouse, Webcam, Keyboards, Speakers etc.
42		Cable & DTH Set top Box
43		Personal Media/MP3 Players, CD & DVD Players
44		Mobile Phones, Landline Phones, Fixed Wireless Terminal and Fixed Cellular Terminals.
45		Telephony & Cellular infrastructure equipment including Base Stations, Transceivers and associated systems.
46		Electronic Ballasts
47		Power Backup/Management systems including Invertors, UPS and Power Stabilizers.
48		Automotive Electronics such Dashboard Display, Engine control units, remote/keyless entry and Anti Braking System electronics.
	HS96	HS description
49	3818	Chemical elements doped for use in electronics, in form of discs, wafers or similar forms; chemical compounds doped for use in electronics
50	8469 11	Word processing machines
51	8470	Calculating machines and pocketsize data recording, reproducing and displaying machines with a calculating function; accounting machines, postage franking machines, ticket issuing machines and similar machines, incorporating a calculating devices; cash registers:
52	8470 10	Electronic calculators capable of operating without an external source of electric power and pocket size data recording, reproducing and displaying machines with calculating functions
53	8470 21	Other electronic calculating machines incorporating a printing device
54	8470 29	Other
55	8470 30	Other calculating machines
56	8470 40	Accounting machines
57	8470 50	Cash registers
58	8470 90	Other
59	8471	Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included:
60	8471 10	Analogue or hybrid automatic data processing machines
61	8471 30	Portable digital automatic data processing machines, weighing no more than 10 kg, consisting of at least a central processing unit, a keyboard and a display
62	8471 41	Other digital automatic data processing machines comprising in the same housing at least a central processing unit and an input and output unit, whether or not combined
63	8471 49	Other digital automatic data processing machines presented in the form of systems
64	8471 50	Digital processing units other than those of subheading 8471 41 and 8471 49, whether or not in the same housing one or two of the following types of units : storage units, input units, output units

65	8471 60	Input or output units, whether or not containing storage units in the same housing
66	8471 70	Storage units, including central storage units, optical disk storage units, hard disk drives and magnetic tape storage units
67	8471 80	Other units of automatic data processing machines
68	8471 90	Other
69	ex 8472 90	Automatic teller machines
70	8473 21	Parts and accessories of the machines of heading No 8470 of the electronic calculating machines of subheading 8470 10, 8470 21 and 8470 29
71	8473 29	Parts and accessories of the machines of heading No 8470 other than the electronic calculating machines of subheading 8470 10, 8470 21 and 8470 29
72	8473 30	Parts and accessories of the machines of heading No 8471
73	8473 50	Parts and accessories equally suitable for use with machines of two or more of the headings Nos. 8469 to 8472
74	ex 8504 40	Static converters for automatic data processing machines and units thereof, and telecommunication apparatus
75	ex 8504 50	Other inductors for power supplies for automatic data processing machines and units thereof, and telecommunication apparatus
76	8517	Electrical apparatus for line telephony or line telegraphy, including line telephone sets with cordless handsets and telecommunication apparatus for carrier current line systems or for digital line systems; videophones:
77	8517 11	Line telephone sets with cordless handsets
78	8517 19	Other telephone sets and videophones
79	8517 21	Facsimile machines
80	8517 22	Teleprinters
81	8517 30	Telephonic or telegraphic switching apparatus
82	8517 50	Other apparatus, for carrier current line systems or for digital line systems
83	8517 80	Other apparatus including entry phone systems
84	8517 90	Parts of apparatus of heading 8517
85	ex 8518 10	Microphones having a frequency range of 300 Hz to 3,4 KHz with a diameter of not exceeding 10 mm and a height not exceeding 3 mm, for telecommunication use
86	ex 8518 30	Line telephone handsets
87	ex 8518 29	Loudspeakers, without housing, having a frequency range of 300 Hz to 3,4 KHz with a diameter of not exceeding 50 mm, for telecommunication use
88	8520 20	Telephone answering machines
89	8523 11	Magnetic tapes of a width not exceeding 4 mm
90	8523 12	Magnetic tapes of a width exceeding 4 mm but not exceeding 6,5 mm
91	8523 13	Magnetic tapes of a width exceeding 6,5 mm
92	8523 20	Magnetic discs
93	8523 90	Other
94	8524 31	Discs for laser reading systems for reproducing phenomena other than sound or image Other
95	ex 8524 39	for reproducing representations of instructions, data, sound, and image, recorded in a machine readable binary form, and capable of being manipulated or providing interactivity to a user, by means of an automatic data processing machine
96	8524 40	Magnetic tapes for reproducing phenomena other than sound or image
97	8524 91	Media for reproducing phenomena other than sound or image Other
98	ex 8424 99	for reproducing representations of instructions, data, sound, and image, recorded in a machine readable binary form, and capable of being manipulated or providing interactivity to a user, by means of an automatic data processing machine
99	ex 8525 10	Transmission apparatus other than apparatus for radio broadcasting or television
100	8525 20	Transmission apparatus incorporating reception apparatus
101	ex 8525 40	Digital still image video cameras

102	ex 8527 90	Portable receivers for calling, alerting or paging
103	ex 8529 10	Aerials or antennae of a kind used with apparatus for radiotelephony and radiotelegraphy Parts of transmission apparatus other than apparatus for radio broadcasting or television
104	ex 8529 90	transmission apparatus incorporating reception apparatus digital still image video cameras, portable receivers for calling, alerting or paging
105	8531 20	Indicator panels incorporating liquid crystal devices (LCD) or light emitting diodes (LED)
106	ex 8531 90	Parts of apparatus of subheading 8531 20
107	8532	Electrical capacitors, fixed, variable or adjustable (preset):
108	8532 10	Fixed capacitors designed for use in 50/60 Hz circuits and having a reactive power handling capacity of not less than 0,5 kvar (power capacitors)
109	8532 21	Tantalum fixed capacitors
110	8532 22	Aluminium electrolytic fixed capacitors
111	8532 23	Ceramic dielectric, single layer fixed capacitors
112	8532 24	Ceramic dielectric, multilayer fixed capacitors
113	8532 25	Dielectric fixed capacitors of paper or plastics
114	8532 29	Other fixed capacitors
115	8532 30	Variable or adjustable (preset) capacitors
116	8532 90	Parts
117	8533	Electrical resistors (including rheostats and potentiometers), other than heating resistors:
118	8533 10	Fixed carbon resistors, composition or film types
119	8533 21	Other fixed resistors for a power handling capacity not exceeding 20 W
120	8533 29	Other fixed resistors for a power handling capacity of 20 W or more
121	8533 31	Wirewound variable resistors, including rheostats and potentiometers, for a power handling capacity not exceeding 20 W
123	8533 39	Wirewound variable resistors, including rheostats and potentiometers, for a power handling capacity of 20 W or more
124	8533 40	Other variable resistors, including rheostats and potentiometers
125	8533 90	Parts
126	8534	Printed circuits
127	ex 8536 50	Electronic AC switches consisting of optically coupled input and output circuits (Insulated the <b>ristor</b> AC switches)
128	ex 8536 50	Electronic switches, including temperature protected electronic switches, consisting of a transistor and a logic chip (chiponchip technology) for a voltage not exceeding 1000 volts
129	ex 8536 50	Electromechanical snap action switches for a current not exceeding 11 amps
130	ex 8536 69	Plugs and sockets for coaxial cables and printed circuits
131	ex 8536 90	Connection and contact elements for wires and cables
132	8541	Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light emitting diodes; mounted piezoelectric crystals:
133	8541 10	Diodes, other than photosensitive or light emitting diodes
134	8541 21	Transistors, other than photosensitive transistors, with a dissipation rate of less than 1 W
135	8541 29	Transistors, other than photosensitive transistors, with a dissipation rate of 1 W or more
136	8541 30	Thyristors, diacs and triacs, other than photosensitive devices
137	8541 40	Photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light emitting diodes
138	8541 50	Other semiconductor devices
139	8541 60	Mounted piezoelectric crystals
140	8541 90	Parts
141	8542	Electronic integrated circuits and micro assemblies
142	8542 12	Cards incorporating an electronic integrated circuit ('smart' cards)

143	8542 13	Metal oxide semiconductors (MOS technology)
144	8542 14	Circuits obtained by bipolar technology
145	8542 19	Other monolithic digital integrated circuits, including circuits obtained by a combination of bipolar and MOS technologies (BIMOS technology)
146	8542 30	Other monolithic integrated circuits
147	8542 40	Hybrid integrated circuits
148	8542 50	Electronic micro assemblies
149	8542 90	Part
150	8543 81	Proximity cards and tags
151	ex 8543 89	Electrical machines with translation or dictionary functions
152	ex 8544 41	Other electric conductors, for a voltage not exceeding 80 V, fitted with connectors, of a kind used for telecommunications
153	ex 8544 49	Other electric conductors, for a voltage not exceeding 80 V, not fitted with connectors, of a kind used for telecommunications
154	ex 8544 51	Other electric conductors, for a voltage exceeding 80 V but not exceeding 1000 V, fitted with connectors, of a kind used for telecommunications
155	8544 70	Optical fibre cables
156	9009 11	Electrostatic photocopying apparatus, operating by reproducing the original image directly onto the copy (direct process)
157	9009 21	Other photocopying apparatus, incorporating an optical system
158	9009 90	Parts and accessories
159	9026	Instruments and apparatus for measuring or checking the flow, level, pressure or other variables of liquids or gases (for example, flow meters, level gauges, manometers, heat meters), excluding instruments and apparatus of heading No 9014, 9015, 9028 or 9032:
160	9026 10	Instruments for measuring or checking the flow or level of liquids
161	9026 20	Instruments and apparatus for measuring or checking pressure
162	9026 80	Other instruments and apparatus for measuring or checking of heading 9026
163	9026 90	Parts and accessories of instruments and apparatus of heading 9026
164	9027 20	Chromatographs and electrophoresis instruments
165	9027 30	Spectrometers, spectrophotometers and spectrographs using optical radiations (UV, visible, IR)
166	9027 50	Other instruments and apparatus using optical radiations (UV, visible, IR) of heading No 9027
167	9027 80	Other instruments and apparatus of heading No 9027 (other than those of heading No 9027 10)
68	ex 9027 90	Parts and accessories of products of heading 9027, other than for gas or smoke analysis apparatus and microtomes
169	9030 40	Instruments and apparatus for measuring and checking, specially designed for telecommunications (for example, crosstalk meters, gain measuring instruments, distortion factor meters, psophometers)

**Attachment A, Section 2 Semiconductor manufacturing and testing equipment and parts thereof**

		Attachment A, Section 2 Semiconductor manufacturing and testing equipment and parts thereof	
	ex 7017 10	Quartz reactor tubes and holders designed for insertion into diffusion and oxidation furnaces for production of semiconductor wafers	For Attachment B
	ex 8419 89	Chemical vapor deposition apparatus for semiconductor production	For Attachment B
	ex 8419 90	Parts of chemical vapor deposition apparatus for semiconductor production	For Attachment B
	ex 8421 19	Spin dryers for semiconductor wafer processing	

	ex 8421 91	Parts of spin dryers for semiconductor wafer processing	
	ex 8424 89	Deflash machines for cleaning and removing contaminants from the metal leads of semiconductor packages prior to the electroplating process	
	ex 8424 89	Spraying appliances for etching, stripping or cleaning semiconductor wafers	
	ex 8424 90	Parts of spraying appliances for etching, stripping or cleaning semiconductor wafers	
	ex 8456 10	Machines for working any material by removal of material, by laser or other light or photo beam in the production of semiconductor wafers	
	ex 8456 91	Apparatus for stripping or cleaning semiconductor wafers	For Attachment B
	8456 91	Machines for dry etching patterns on semiconductor materials	
	ex 8456 99	Focused ion beam milling machines to produce or repair masks and reticles for patterns on semiconductor devices	
	ex 8456 99	Lasercutters for cutting contacting tracks in semiconductor production by laser beam	For Attachment B
	ex 8464 10	Machines for sawing monocrystal semiconductor boules into slices, or wafers into chips	For Attachment B
	ex 8464 20	Grinding, polishing and lapping machines for processing of semiconductor wafers	
	ex 8464 90	Dicing machines for scribing or scoring semiconductor wafers	
	ex 8466 91	Parts for machines for sawing mono crystal semiconductor boules into slices, or wafers into chips	For Attachment B
	ex 8466 91	Parts of dicing machines for scribing or scoring semiconductor wafers	For Attachment B
	ex 8466 91	Parts of grinding, polishing and lapping machines for processing of semiconductor wafers	
	ex 8466 93	Parts of focused ion beam milling machines to produce or repair masks and reticles for patterns on semiconductor devices	
	ex 8466 93	Parts of laser cutters for cutting contacting tracks in semiconductor production by laser beam	For Attachment B
	ex 8466 93	Parts of machines for working any material by removal of material, by laser or other light or photo beam in the production of semiconductor wafers	
	ex 8456 93	Parts of apparatus for stripping or cleaning semiconductor wafers	For Attachment B
	ex 8466 93	Parts of machines for dry etching patterns on semiconductor materials	
	ex 8477 10	Encapsulation equipment for assembly of semiconductors	For Attachment B
	ex 8477 90	Parts of encapsulation equipment	For Attachment B
	ex 8479 50	Automated machines for transport, handling and storage of semiconductor wafers, wafer cassettes, wafer boxes and other material for semiconductor devices	For Attachment B
	ex 8479 89	Apparatus for growing or pulling monocrystal semiconductor boules	
	ex 8479 89	Apparatus for physical deposition by sputtering on semiconductor wafers	For Attachment B
	ex 8479 89	Apparatus for wet etching, developing, stripping or cleaning semiconductor wafers and flat panel displays	For Attachment B
	ex 8479 89	Die attach apparatus, tape automated bonders, and wire bonders for assembly of semiconductors	For Attachment B
	ex 8479 89	Encapsulation equipment for assembly of semiconductors	For Attachment B
	ex 8479 89	Epitaxial deposition machines for semiconductor wafers	

	ex 8479 89	Machines for bending, folding and straightening semiconductor leads	For Attachment B
	ex 8479 89	Physical deposition apparatus for semiconductor production	For Attachment B
	ex 8479 89	Spinners for coating photographic emulsions on semiconductor wafers	For Attachment B
	ex 8479 90	Part of apparatus for physical deposition by sputtering on semiconductor wafers	For Attachment B
	ex 8479 90	Parts for die attach apparatus, tape automated bonders, and wire bonders for assembly of semiconductors	For Attachment B
	ex 8479 90	Parts for spinners for coating photographic emulsions on semiconductor wafers	For Attachment B
	ex 8479 90	Parts of apparatus for growing or pulling monocrystal semiconductor boules	
	ex 8479 90	Parts of apparatus for wet etching, developing, stripping or cleaning semiconductor wafers and flat panel displays	For Attachment B
	ex 8479 90	Parts of automated machines for transport, handling and storage of semiconductor wafers, wafer cassettes, wafer boxes and other material for semiconductor devices	For Attachment B
	ex 8479 90	Parts of encapsulation equipment for assembly of semiconductors	For Attachment B
	ex 8479 90	Parts of epitaxial deposition machines for semiconductor wafers	
	ex 8479 90	Parts of machines for bending, folding and straightening semiconductor leads	For Attachment B
	ex 8479 90	Parts of physical deposition apparatus for for semiconductor production	For Attachment B
	ex 8480 71	Injection and compression moulds for the manufacture of semiconductor devices	
	ex 8514 10	Resistance heated furnaces and ovens for the manufacture of semiconductor devices on semiconductor wafers	
	ex 8514 20	Inductance or dielectric furnaces and ovens for the manufacture of semiconductor devices on semiconductors wafers	
	ex 8514 30	Apparatus for rapid heating of semiconductor wafers	For Attachment B
	ex 8514 30	Parts of resistance heated furnaces and ovens for the manufacture of semiconductor devices on semiconductor wafers	
	ex 8514 90	Parts of apparatus for rapid heating of wafers	For Attachment B
	ex 8514 90	Parts of furnaces and ovens of Headings No 8514 10 to No 8514 30	
	ex 8536 90	Wafer probers	For Attachment B
	8543 11	Ion implanters for doping semiconductor materials	
	ex 8543 30	Apparatus for wet etching, developing, stripping or cleaning semiconductor wafers and flat panel displays	For Attachment B
	ex 8543 90	Parts of apparatus for wet etching, developing, stripping or cleaning semiconductor wafers and flat panel displays	For Attachment B
	ex 8543 90	Parts of ion implanters for doping semiconductor materials	
	9010 41 to 49	Apparatus for projection, drawing or plating circuit patterns on sensitized semiconductor materials and flat panel displays	
	ex 9010 90	Parts and accessories of the apparatus of Headings No 9010 41 to 9010 49	
	ex 9011 10	Optical stereoscopic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles	For Attachment B
	ex 9011 20	Photomicrographic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles	For Attachment B
	ex 9011 90	Parts and accessories of optical stereoscopic microscopes fitted	For Attachment B

		with equipment specifically designed for the handling and transport of semiconductor wafers or reticles	
	ex 9011 90	Parts and accessories of photomicrographic microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles	For Attachment B
	ex 9012 10	Electron beam microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles	For Attachment B
	ex 9012 90	Parts and accessories of electron beam microscopes fitted with equipment specifically designed for the handling and transport of semiconductor wafers or reticles	For Attachment B
	ex 9017 20	Pattern generating apparatus of a kind used for producing masks or reticles from photoresist coated substrates	For Attachment B
	ex 9017 90	Parts and accessories for pattern generating apparatus of a kind used for producing masks or reticles from photoresist coated substrates	For Attachment B
	ex 9017 90	Parts of such pattern generating apparatus	For Attachment B
	9030 82	Instruments and apparatus for measuring or checking semiconductor wafers or devices	
	ex 9030 90	Parts and accessories of instruments and apparatus for measuring or checking semiconductor wafers or devices	
	ex 9030 90	Parts of instruments and appliances for measuring or checking semiconductor wafers or devices	
	9031 41	Optical instruments and appliances for inspecting semiconductor wafers or devices or for inspecting masks, photomasks or reticles used in manufacturing semiconductor devices	
	ex 9031 49	Optical instruments and appliances for measuring surface particulate contamination on semiconductor wafers	
	ex 9031 90	Parts and accessories of optical instruments and appliances for inspecting semiconductor wafers or devices or for inspecting masks, photomasks or reticles used in manufacturing semiconductor devices	

#### Attachment- B

	List of specific products to be covered in this Electronic Hardware Policy where ever they are classified in the HS. Where parts are specified, they are to be covered in accordance with HS Notes 2 (b) to Section SVI and Chapter 90, respectively.
	Computers automatic data processing machines capable of 1) storing the processing program or programs and at least the data immediately necessary for the execution of the program; 2) being freely programmed in accordance with the requirements of the user; 3) performing arithmetical computations specified by the user; and 4) executing, without human intervention, a processing program which requires them to modify their execution, by logical decision during the processing run
	The Electronic Hardware Policy covers such automatic data processing machines whether or not they are able to receive and process with the assistance of central processing unit telephony signals, television signals, or other analogue or digitally processed audio or video signals. Machines performing a specific function other than data processing, or incorporating or working in conjunction with an automatic data processing machine, and not otherwise specified under Attachment A or B are not covered by this Electronic Hardware Policy.
	Electronic amplifiers when used as repeaters in line telephony products falling within this Electronic Hardware Policy and parts thereof
	Flat panel displays including LCD, Electro Luminescence, Plasma and other technologies) for products falling within this Electronic Hardware Policy, and parts thereof.
	Network equipment: Local Area Network (LAN) and wide Area Network (WAN) apparatus, including

	those products dedicated for use solely or principally to permit the interconnection of automatic data processing machines and units thereof for a network that is used primarily for the sharing of resources such as central processors units, data storage devices and input units including adapters, hubs in line repeaters, converters, concentrators, bridges and routers, and printed circuits assemblies for physically incorporation into automatic data processing.
	Monitors: display units of automatic data processing machines with a cathode ray tube with a dot screen pitch smaller than 0,4 mm not capable of receiving and processing television signals other analogue or digitally processed audio or video signals without assistance of central processing unit of a computer as defined in this Electronic Hardware Policy.
	The Electronic Hardware Policy does not, therefore, cover televisions, including high definition televisions.
	Optical disc storage units, for automatic data processing machines ( Including CD drives and DVD drives), whether or not having the capability of writing/ recording as well as reading, whether or not in their own housings.
	Paging alert devices, and parts thereof
	Plotters whether input or output units of HS heading No 8471 or drawing or drafting machines of AHS heading No. 9017
	Printed Circuit Assemblies for products falling within this Electronic Hardware Policy, including such assemblies for external connections such as cards that conform to the PCMCIA standard.
	Such printed circuit assemblies consists of one or more printed circuits of heading 8534 with one or more active elements assembled thereon, with or with out passive elements “Active elements” means diodes, transistors, and similar semiconductor devices, whether or not photosensitive, of heading 8541, and integrated circuits and micro assemblies of heading 8542.
	Projection type flat panel display units used with automatic data processing machines which can display digital information generated by the central processing unit.
	Property format storage devices including media therefore for automatic data processing machines, with or without removable media and whether magnetic, optical or other technology, including Bernoulli Box, Syquest, or Zip drive cartridge storage units.
	Multi media upgrade kits for automatic data processing machines, and units thereof, put up for retail sale, consisting of, at least, speakers and / or microphones as well as printed circuit assembly that enables the ADP machines and units thereof to process audio signals ( sound cards)
	Set top boxes which have a communication function: a microprocessor based devices incorporating a modem for gaining access to the Internet, and having a function of interactive information exchange.

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